



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2011 Biennium

<b>Bill #</b>	HB0131	<b>Title:</b>	State contracting for mental health emergency detention beds
<b>Primary Sponsor:</b>	Stoker, Ron	<b>Status:</b>	As Amended

- |                                                                  |                                                        |                                                          |
|------------------------------------------------------------------|--------------------------------------------------------|----------------------------------------------------------|
| <input checked="" type="checkbox"/> Significant Local Gov Impact | <input type="checkbox"/> Needs to be included in HB 2  | <input checked="" type="checkbox"/> Technical Concerns   |
| <input type="checkbox"/> Included in the Executive Budget        | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

### FISCAL SUMMARY

	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
<b>Expenditures:</b>				
General Fund	\$153,720	\$410,625	\$420,891	\$431,413
<b>Revenue:</b>				
General Fund	(\$108,824)	(\$253,938)	(\$261,556)	(\$269,403)
<b>Net Impact-General Fund Balance</b>	<u>(\$262,544)</u>	<u>(\$664,563)</u>	<u>(\$682,447)</u>	<u>(\$700,816)</u>

### Description of fiscal impact:

HB 131 provides funding to allow the Department of Public Health and Human Services to contract with mental health facilities for dedicated crisis beds and emergency and court ordered detention beds for the mentally ill.

### FISCAL ANALYSIS

#### Assumptions:

1. The department assumes that nine crisis, emergency and court ordered detention beds for the mentally ill will be required to implement HB 131.
2. Nine secure detention beds will be contracted at a cost of \$500 per bed per day.
3. Counties are responsible for the pre-commitment costs of the occupied secure detention beds.
4. The state will be responsible for the costs of the unoccupied beds. It is estimated these beds will have a 75% occupancy rate. The total costs for the unoccupied beds is \$410,625 (9 beds x \$500 x 365 days x 25% = \$410,625). However, these services will be phased in during FY 2010 with three beds being available beginning September 1, 2009, and the six additional beds being available April 1, 2010. The

total cost for the unoccupied beds in FY 2010 is \$146,250 (6 beds x \$500 x 90 days x 25% = \$67,500) + (3 beds x \$500 X 210 days x 25% = \$78,750).

5. A 2.5% inflationary increase is included for FY 2012 & FY 2013.
6. It is anticipated that there will not be a material decrease in costs at the state hospital for the projected drop in the number of admissions.

#### **Business and Financial Services Division**

7. In FY 2008, the Department of Public Health and Human Services received \$648,794 in revenue from the counties for pre-commitment costs. These collections are deposited to the state's general fund.
8. The Law and Justice interim committee report concluded that in FY 2007 38% of emergency and court-ordered admissions to Montana State Hospital did not result in commitments. We utilized this percent to determine the revenue that would be lost to the general fund.
9. The local beds made available in the contracted mental health facilities would result in a reduction of a base revenue in the amount of \$246,542 in FY 2010 (\$648,794 x 38% = \$246,542). However, as the services are to be phased in (three beds available September 2009 through June 2010 and the six additional beds available April 2010 through June 2010), the actual revenue reduction in FY 2010 is \$108,824 (246,542 x .83 x .33) + (246,542 x .25 x .67).
10. A three percent increase is estimated in the amount of decreased revenue, in addition to the fully annualized amount of \$246,542 for FY 2010, in each of the following three fiscal years.

#### **Director's Office**

11. Legal Services, within the Director's Office, will incur expenditures for legal fees for work on rules and contract preparation and review, in addition to filing fees.
12. The department's legal staff is working at capacity, therefore, these services will need to be contracted out through temp services and using Agency Legal Services through the Department of Justice.
13. It is estimated that the total legal costs are \$6,720 for Legal fees (\$84 x 80 Agency Legal Services hours) and \$750 in filing fees (15 pages x \$50/ page filing fee), for a total of \$7,470 in FY 2010.

	<b><u>FY 2010 Difference</u></b>	<b><u>FY 2011 Difference</u></b>	<b><u>FY 2012 Difference</u></b>	<b><u>FY 2013 Difference</u></b>
<b><u>Fiscal Impact:</u></b>				
<b><u>Expenditures:</u></b>				
Operating Expenses	\$7,470	\$0	\$0	\$0
Transfers	\$146,250	\$410,625	\$420,891	\$431,413
<b>TOTAL Expenditures</b>	<b>\$153,720</b>	<b>\$410,625</b>	<b>\$420,891</b>	<b>\$431,413</b>
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$153,720	\$410,625	\$420,891	\$431,413
<b><u>Revenues:</u></b>				
General Fund (01)	(\$108,824)	(\$253,938)	(\$261,556)	(\$269,403)
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	(\$262,544)	(\$664,563)	(\$682,447)	(\$700,816)

**Effect on County or Other Local Revenues or Expenditures:**

1. This bill reduces county expenditures for transportation costs, to the extent that any of these secure beds are closer to a transporting county than to the Montana State Hospital.

**Technical Notes:**

1. Proposed legislation requires contracting with local mental health facilities to provide secure crisis beds. These beds do not currently exist in the communities. We anticipate three beds will be available February 2009 in Butte. Additional resources include inpatient hospital beds and the Montana State Hospital. An RFP would be developed to engage a vendor who would provide these services.
2. The program implementation date of September 1, 2009 will not allow adequate time to develop administrative rules and provide for the required public comment period.
3. Providers will be responsible for billing responsible parties, including insurance companies, Medicaid, and Medicare and then providing reimbursement back to the department for any monies recovered. However New Section 1(3) does not require reimbursement to the department for monies recovered for beds contracted by the department, potentially resulting in double payment for the beds.
4. 53-21-132(2)(a) does not provide for the mentally ill person's ability to pay.
5. The estimated decrease in revenue collected is also reflected for the fiscal note for HB 132. If both of these bills are signed, the estimated reduction in revenue needs to be eliminated from one of the bills.
6. We expect a decrease in Medicare, Medicaid, and insurance payment; however, we are unable to reasonably estimate the impact of these reductions.
7. In the event that HB 645 does not pass with the funding for this bill, this act is void.

---

*Sponsor's Initials*

---

*Date*

---

*Budget Director's Initials*

---

*Date*